

COMMITTEE ON GOVERNMENT REFORM
TOM DAVIS, CHAIRMAN



MEDIA ADVISORY

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Contact: Robert White / Drew Crockett
(202) 225-5074

**On Heels of State of the Union, Commerce Secretary Gutierrez,
Business Leaders To Discuss America's Competitiveness**

How Do American Businesses Succeed in Global Economy?

**What: Government Reform Committee Hearing:
"Sharpening Our Edge: Staying Competitive in the
21st Century Marketplace"**

When: THURSDAY, FEBRUARY 9, 2006 at 9:00 A.M.

Where: ROOM 2154, RAYBURN HOUSE OFFICE BUILDING

Background: In his State of the Union address, President Bush outlined the American Competitiveness Initiative, a project to encourage American innovation and strengthen American businesses ability to compete in the global economy. This initiative pledges \$5.9 billion in fiscal 2007, and more than \$136 billion over 10 years, to increase investments in research and development, strengthen education, and encourage entrepreneurship and innovation.

This hearing, featuring Commerce Secretary Carlos M. Gutierrez and several American business leaders, will examine the President's proposal and engage participants in a discussion about what America needs to do to compete in the emerging international marketplace.

While many point to the American educational system – and a general lack of emphasis on mathematics and the hard sciences – there is clearly more than one reason American businesses are increasing their international investment. More often the decision relates to the cost of that employee and the cost of doing business in a particular area. What salary will that employee work for? What is the cost of the benefits that employee expects? What permitting requirements will a government place on a business? What is the cost of compliance with local regulations? What is the tax burden to the business?

Any strategy to make the United States an attractive alternative to India, Thailand, or China needs to address these issues as well. Does our national regulatory policy encourage businesses to choose to operate in this country? Do the federal, state and local governments operate efficiently, providing good results for a minimum cost? Does our current health care system make sense for the employee, employer, and stockholder? Are we creating a safe nation in which people can invest for decades with little fear of disruption from terrorists or criminals? Is our judicial system balanced in such a way as to protect the individual from negligence while still protecting businesses from unjust verdicts?

It should also be noted that the new globalization is partially a result of American foreign policy over the last 50 years. The United States' steadfast commitment to free governments and free trade has contributed to the burgeoning growth of market-oriented economies. These policies have promoted ownership of property, enhanced the value of education, and created citizens with a vested interest in creating a peaceful, just society.

There is little doubt that businesses have decided to do business in China, India, and elsewhere have done so for defensible business reasons. Yet some American policy makers are so alarmed by this new business environment they have called for changes in American trade policy to discourage these choices. However, as Thomas Friedman pointed out in *The World is Flat*, his book about the current state of the global economy: "The world is being flattened. . . . You can't stop it, except at great cost to human development and your own future. But we can manage it, for better or for worse. . . . You can flourish in this flat world, but it does take the right imagination and the right motivation."

Witnesses:

**The Honorable Carlos M. Gutierrez, Secretary,
The United States Department of Commerce
Hector de J. Ruiz, Ph.D., President and CEO, Advanced Micro Devices
M. Brian O'Shaughnessy, President and CEO, Revere Copper Products
Deborah Wince-Smith, President, Council on Competitiveness
Dave McCurdy, President, Electronic Industries Alliance.**

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